

Message Text

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43

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 L-03 H-02 CIAE-00 INR-07 NSAE-00

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R 070821Z SEP 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9884

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E.O. 11652: N/A

TAGS: ETRD, RP, US

SUBJECT: U.S. INVESTMENT - FILTRONA CASE

REF: STATE 219117

1. HILTON TELEPHONED E/C COUNSELOR AUGUST 26. HE SAID HE HAD COME TO MANILA TO ASSESS CURRENT SITUATION AND THAT AFTER CONFERRING WITH ATTORNEY QUASHA HAD DECIDED TO MOTH-BALL FACTORY. HE SAID HE HAD OBTAINED AN AGREEMENT OF U.S. AND U.K. OWNERS TO CONTINUE IN THIS STATE FOR SOME MONTHS PENDING POSSIBLE SOLUTION TO PROBLEM. HE SEEMED PLEASED AT GAINING SUPPORT OF HIS PRINCIPLES TO THIS HOLDING ACTION. E/C COUNSELOR REVIEWED FOR HIM AMBASSADOR'S CONVERSATION WITH SECRETARY VIRATA (MANILA 7110) AND AMBASSADOR'S SUBSEQUENT LETTER OF JUNE 19. SINCE NO REPLY HAD BEEN RECEIVED, TIME HAD CLEARLY COME FOR FURTHER ACTION, AND EMBASSY WOULD CONSIDER WHAT MIGHT BE DONE TO MOVE CASE ALONG.

2. E/C COUNSELOR SUBSEQUENTLY SPOKE WITH BRITISH EMBASSY COUNSELOR WHO SAID HE AWARE OF NO MOVEMENT ON PART GOP BUT REACTED NEGATIVELY TO SUGGESTION OF POSSIBLE FURTHER COORDINATED APPROACH. WE ALSO SPOKE TO QUASHA WHO REPORTED THAT NEDA HAD RECOMMENDED TO PRESIDENT THAT PD 750 BE AMENDED TO ELIMINATE DISCRIMINATION BUT THAT RECOMMENDATION HAS APPARENTLY BEEN

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PIGEONHOLED IN MALACANANG. QUASHA SUGGESTED THAT EMBASSY

CONTACT RESPONSIBLE NEDA OFFICIAL FOR READING ON MATTER.

3. COMMENT: WE NOTE THAT TENOR OF HILTON'S REMARKS TO DEPARTMENT DIFFERS SOMEWHAT FROM THAT OF HIS CONVERSATION WITH US. IN ANY EVENT, IN FAIRNESS TO COMPANY WE OBVIOUSLY OUGHT TO PUSH DECISION ALONG. WE WILL THEREFORE SEEK TO DISCUSS SUBJECT WITH NEDA AND AGAIN WITH QUASHA IN EFFORT TO DECIDE HOW WE CAN BEST FRAME ANOTHER APPROACH TO GOP. TIME MAY HAVE COME FOR US TO TELL GOP THAT IN VIEW OF TIME ELAPSED WITHOUT DECISION EMBASSY HAD NO ALTERNATIVE TO RECOMMENDING THAT FILTRONA PULL OUT OF PHILIPPINES DESPITE NEGATIVE IMPLICATIONS THIS WILL HAVE FOR INVESTMENT CLIMATE. SUCH A STEP WOULD OBVIOUSLY FIRST HAVE TO BE COORDINATED WITH U.K. EMBASSY AND WITH HILTON. SULLIVAN

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